

The Borden Company

AND ALL SUBSIDIARY COMPANIES

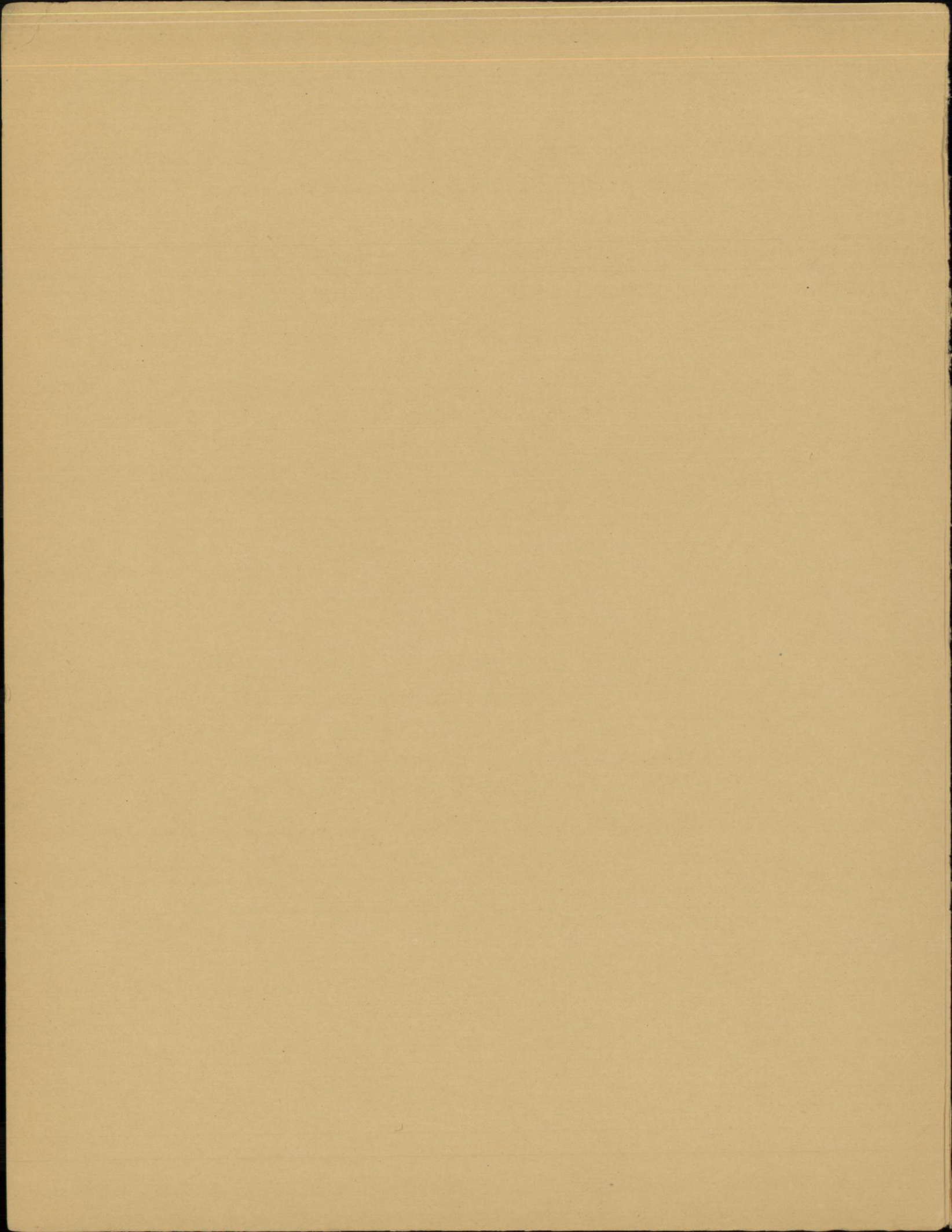
FIFTH ANNUAL REPORT

For the fiscal year ended December 31, 1923

March 1924 · THE BORDEN COMPANY · *New York*

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FIFTH ANNUAL REPORT

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FIFTH ANNUAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 1923



March 1924
THE BORDEN COMPANY
New York

THE BORDEN COMPANY

DIRECTORS

UNION N. BETHELL	ALBERT G. MILBANK	SHEPARD RARESHIDE
LEWIS M. BORDEN	ARTHUR W. MILBURN	HENRY C. SHERMAN
ALBERT T. JOHNSTON	GEORGE L. NICHOLS	ROBERT STRUTHERS, JR.

OFFICERS

ALBERT G. MILBANK, *Chairman Board of Directors*
ARTHUR W. MILBURN, *President*
ALBERT T. JOHNSTON, *Vice-President*
SHEPARD RARESHIDE, *Vice-President and Treasurer*
CHARLES C. LOBECK, *Vice-President*
WALLACE D. STRACK, *Vice-President*
WILLIAM P. MARSH, *Secretary and Assistant Treasurer*
GEORGE M. WAUGH, JR., *Controller and Assistant Secretary*
STEPHEN J. DeBAUN, *Assistant Treasurer*

GENERAL OFFICES

THE BORDEN COMPANY

350 Madison Avenue, New York City 180 St. Paul Street West, Montreal, Canada

BORDEN'S FARM PRODUCTS COMPANY, Inc.

110 Hudson Street, New York City 120 Murray Street, Montreal, Canada

Transfer Agent, SEABOARD NATIONAL BANK, 115 Broadway, New York City

Registrar, BANKERS TRUST COMPANY, 16 Wall Street, New York City

Counsel, MASTEN & NICHOLS, 49 Wall Street, New York City

CORPORATE ORGANIZATION AND SCOPE

THE business of your Company may be divided into two parts:

- (1) The manufacture and sale of milk products comprising:

CONDENSED MILK	CONDENSED COFFEE AND MILK
EVAPORATED MILK	CONDENSED COCOA AND MILK
DRIED MILK	MILK CHOCOLATES
MALTED MILK	CARAMELS

- (2) The purchase, preparation and distribution of fresh milk, cream, and other dairy products by a system of wagon deliveries.
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THE manufacturing operations are conducted by The Borden Company (which dates back to 1857 in the production of Eagle Brand Condensed Milk), and its following manufacturing subsidiaries:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
THE BORDEN SALES CO., INC.	100%
BORDEN'S PREMIUM CO., INC.	100%
THE BORDEN COMPANY OF CALIFORNIA	100%
THE BORDEN COMPANY OF UTAH	100%
THE BORDEN COMPANY, LTD. (CANADA)	100%
BORDEN REALTY CORPORATION	100%

THE fresh milk and dairy products distribution in the so-called Metropolitan District of New York City and adjacent territory, in Chicago, Ill., and its suburbs, and in Montreal, Canada, is conducted by subsidiaries as follows:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
BORDEN'S FARM PRODUCTS CO., INC.	100%
BORDEN'S FARM PRODUCTS CO. OF ILL.	100%
BORDEN'S FARM PRODUCTS CO., LTD. (CANADA)	100%

COMMENT

While the financial statements appended correctly reflect the results of 1923 operations and the condition of the Company at the close of that year, your attention is directed, by way of comment, to some of the more important features.

Sales. Sales for the year were substantially larger than in 1922, both in volume and value.

Net Income. Net Income derived was \$5,023,297.40, being 5.01% on sales, and \$21.40 per share of Common Stock outstanding after charges of every nature and Preferred Dividends.

Capital Expenditures. During the year \$97,700.00 of Mortgage installments were paid which, together with the net increased investment in Property, Plant and Equipment of \$1,755,463.01, made a total expenditure for capital account of \$1,853,163.01.

Inventories. Inventories increased during the year, amounting on December 31st, 1923 to \$10,412,469.42 as compared with \$7,787,070.23 on December 31st, 1922. This increase is principally in Finished Goods and reflects the unusual production conditions of 1923 and the effect of those conditions on sales of the last quarter of that year.

Net Working Capital
and
Ratio of Current Assets. Net Working Capital amounted on December 31st, 1923 to \$12,225,496.51 as compared with \$10,697,440.99 as of December 31st, 1922.

Current Assets as of December 31st, 1923 amounted to \$2.70 for every \$1.00 of Current Liabilities, which compares with a ratio of \$2.53 for every \$1.00 of Current Liabilities as of December 31st, 1922 and a ratio of \$1.86 as of December 31st, 1921.

Indebtedness. There were no outstanding bank loans at the close of the year and no floating indebtedness of any form other than the normal amount of accounts payable and accrued of a current nature.

*Collections.
Credits and
Discounts.* Collections were good, credit losses very small, and advantage was taken of all cash discounts.

*Stock-
holders.* The stock records of the Company show a total of 1,541 holders of Preferred Stock and 3,847 holders of Common Stock, or a grand total of 5,388 holding both classes, with an average holding of about 53½ shares. Employees hold an aggregate of 22,289 shares of the Company's stock.

Prospects. The volume of business since the beginning of the current year has been very satisfactory with the result of a substantial reduction of inventories, and all indications point at this time to a good business year.

*The Organi-
zation.* It is a pleasure to report and acknowledge the continuance throughout the year of co-operation and loyalty of high degree on the part of our organization.

Respectfully submitted,

ARTHUR W. MILBURN,
President.

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Consolidated General Balance Sheet, December 31, 1923

ASSETS

Property, Plant, and Equipment, including Madison Ave. Office Building	\$29,974,724.25	
LESS: Mortgages on Madison Ave. Office Building	1,685,000.00	
		<hr/> \$28,289,724.25

CURRENT ASSETS:

Cash	\$3,614,223.61	
Receivables	4,389,440.20	
Marketable Securities	1,001,310.12	
Finished Goods	5,381,896.20	
Raw Materials, Supplies, etc.	5,030,573.22	
		<hr/> 19,417,443.35
Investment in Capital Stock of Other Companies	6,523,443.97	
Deferred and Suspended Assets	145,583.01	
Trade Marks, Patents, and Good Will	5,942,876.36	

TOTAL

\$60,319,070.94

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Consolidated General Balance Sheet, December 31, 1923

LIABILITIES

Mortgages \$52,000.00

CURRENT LIABILITIES:

Notes Payable—Bank Loans None

Accounts Payable \$5,156,269.71

Accrued Accounts, Taxes (estimated), etc. 2,035,677.13

7,191,946.84

Deferred and Suspended Liabilities 6,720.11

TOTAL LIABILITIES TO OTHER THAN STOCKHOLDERS \$7,250,666.95

CAPITAL STOCK—THE BORDEN COMPANY:

Preferred 6% \$7,500,000.00

Common 21,368,100.00

\$28,868,100.00

RESERVES:

Depreciation \$7,744,697.62

Insurance, Contingencies, etc. 7,804,833.70

15,549,531.32

SURPLUS 8,650,772.67

TOTAL CAPITAL STOCK, RESERVES, AND SURPLUS \$53,068,403.99

TOTAL \$60,319,070.94

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Statement of Consolidated Income and Profit and Loss
for the Year Ended December 31, 1923

GROSS SALES \$100,245,160.31

NET OPERATING PROFIT:

(After deducting all operating charges, including Depreciation, Insurance, and Property Taxes) \$5,372,876.44

OTHER INCOME—Interest Received, Net 256,305.63

GROSS INCOME \$5,629,182.07

OTHER DEDUCTIONS—Income and Profits Taxes (estimated) 605,884.67

NET INCOME \$5,023,297.40

SURPLUS, January 1, 1923 7,817,532.06

TOTAL \$12,840,829.46

LESS:

DIVIDENDS:

Preferred 6% \$450,000.00

Common 8% 1,709,440.00

Total Dividends \$2,159,440.00

Additional Depreciation and other Reserves 1,917,510.49

Loss on Property and Securities Sold . . . 113,106.30

4,190,056.79

SURPLUS, December 31, 1923 \$8,650,772.67

ATLANTA
BALTIMORE
BOSTON
BUFFALO
CHICAGO
CINCINNATI
CLEVELAND
DALLAS
DENVER
DETROIT
KANSAS CITY
LOS ANGELES
MINNEAPOLIS
NEWARK
NEW ORLEANS

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

37 WEST 39TH STREET
NEW YORK

NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND
SAINT LOUIS
SALT LAKE CITY
SAN FRANCISCO
SEATTLE
TULSA
WATERTOWN
—
HAVANA
LONDON
PARIS
SHANGHAI

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

CERTIFICATE OF AUDIT

WE have audited the books and accounts of The Borden Company and its Subsidiary Companies for the year ended December 31, 1923.

We have verified the accounts representing cash and securities either by examination of such assets or by obtaining certifications of depositaries.

The charges to property accounts have been controlled by a conservative policy. Adequate reserves have been provided for depreciation of property and for possible losses, and full provision has been made for all known liabilities.

The inventories of finished goods and raw materials and supplies represent book balances as shown by the inventory records, which are adjusted from time to time to agree with physical inventories, and which were examined and appear to be correct, all inventory valuations being based upon cost or market, whichever was lower.

WE HEREBY CERTIFY that, in our opinion, the accompanying Consolidated General Balance Sheet and Statement of Consolidated Income and Profit and Loss correctly exhibit, respectively, the financial condition of the Companies at December 31, 1923, and the results of their operations for the year ended that date.

HASKINS & SELLS

New York, March 15, 1924

The JOHN C. POWERS CO., INC. • Printers • NEW YORK

Borden's